

SANTA CLARA COUNTY ECONOMIC FORECAST

Santa Clara County is the largest county in the San Francisco Bay Area and accounts for more than 35 percent of the region's total employment. The northwest portion of the county, known as Silicon Valley, is home to many leading computer and electronics companies. Santa Clara County has a population of 1.88 million people and nearly 866,000 wage and salary jobs. The per capita income in Santa Clara County is \$51,993, and the average salary per worker is the highest in the state at \$89,531. The median family income is also the highest in the state at \$102,500.

Employment growth in Northern California was negative in 2009, and in the greater Bay Area, total jobs declined by 4.2 percent. In 2009, 37,700 wage and salary jobs were lost in Santa Clara County, a decline of 4.2 percent. The unemployment rate increased to 11.9 percent.

The public sector and the education/healthcare sector were the only non-farm labor markets to create jobs during 2009, adding 100 and 1,300 jobs, respectively. The tiny farm sector grew by nearly 6 percent, adding 200 jobs. The sectors with the greatest job losses were manufacturing (-10,200 jobs), professional services (-8,600 jobs), construction (-6,700 jobs), and retail trade (-5,100 jobs).

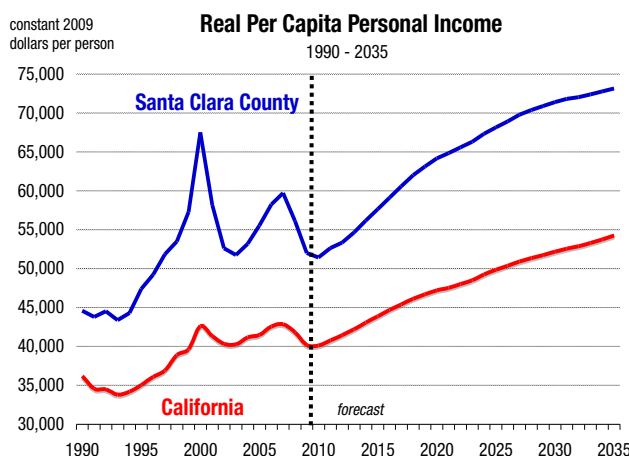
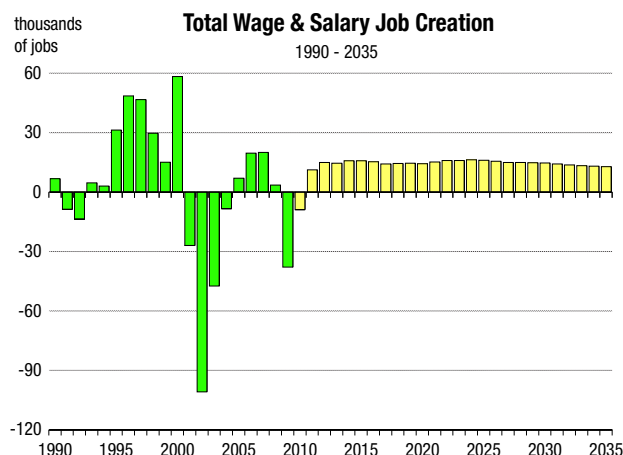
During 2009, the population in Santa Clara County grew 1.5 percent. The fastest growing city was Milpitas, whose population grew by 2.4 percent between January 2008 and January 2009. San Jose, the largest city in the county, which makes up over half of the total population grew by 2.2 percent.

Net migration was significantly higher than the historical average in 2008 and 2009, totaling approximately 23,000 in-migrants. This is unusual because populations tend to depart counties with high costs of living like Santa Clara during recessions. For this reason, the official migration estimates are likely to be revised downward by the Department of Finance after the official census count this year.

Employment losses are forecast to persist into 2010. Largely due to reduced net migration, the population growth rate slows over the forecast horizon. Total wage and salary employment is not forecast to reach the peak level recorded in 2000 until after 2020.

FORECAST HIGHLIGHTS

- Job growth in 2010 is forecast to decline another 1.0 percent. Between 2010 and 2015, the annual growth rate is forecast to average 1.6 percent per year.
- Average salaries adjusted for inflation are currently well above the California state average, and will remain so over the forecast horizon. Real average salaries are forecast to rise an average of 1.6 percent per year from 2010 to 2015.
- Between 2010 and 2015, the principle job creation occurs in the professional services sector, which accounts for more nearly 50 percent of job creation. The trade sectors and education



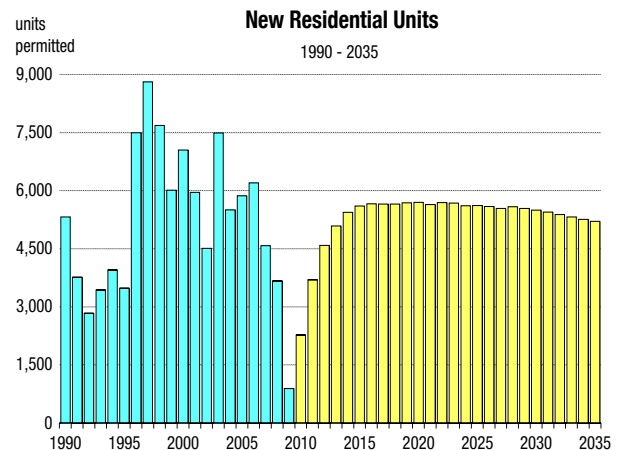
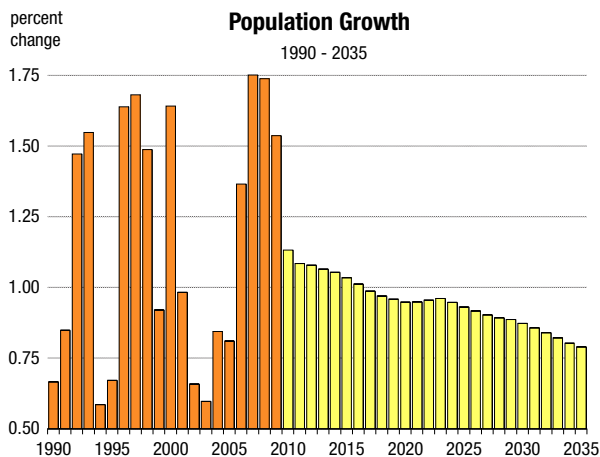
and healthcare together create nearly 30 percent of new jobs. Manufacturing employment continues its decade long decline, though the contraction after 2010 is minimal.

- The population is expected to grow at a rate of 1.1 percent in 2010. Annual growth in the 2010 to 2015 period is forecast to average 1.1 percent per year.
- Net migration is expected to moderate significantly from the 2009 level, but remain positive. Over the next five years an annual average of 3,700 net migrants is forecast.
- Real per capita incomes decline at a rate of 1.1 percent in 2010. During the 2010 to 2015 period real per capita incomes are forecast to rise 2.3 percent per year.
- Total taxable sales adjusted for inflation are expected to increase by an average of 4.5 percent per year between 2010 and 2015.
- Industrial production is expected to remain constant in 2010. From 2010 to 2015 the growth rate of industrial production is forecast to average 2.0 percent per year.

Santa Clara County Economic Forecast

2002-2009 History, 2010-2035 Forecast

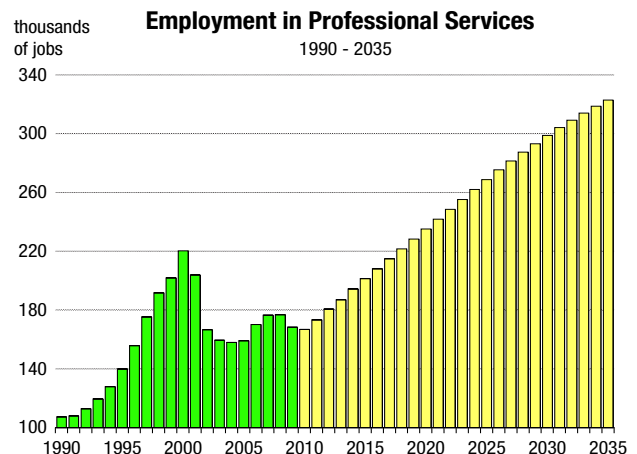
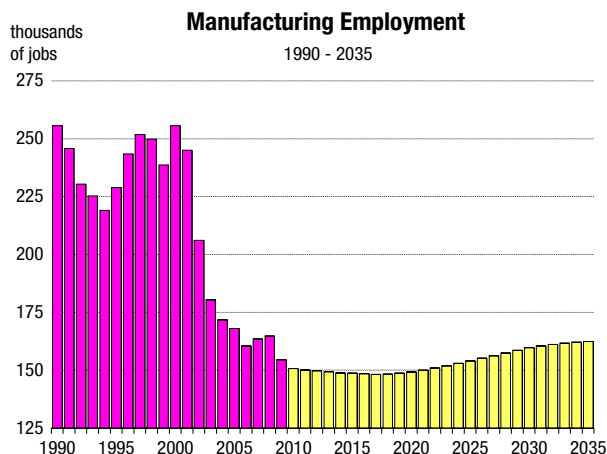
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2002	1,720,846	-7,030	1,471	577	4,513	\$27.6	\$77.9	\$52,618	1.6	299	23.2	8.4
2003	1,731,124	-8,172	1,424	582	7,490	\$27.2	\$78.5	\$51,765	1.8	276	20.9	8.4
2004	1,745,751	-3,658	1,485	587	5,505	\$28.6	\$82.3	\$53,193	1.2	293	19.9	6.5
2005	1,759,908	-3,616	1,464	593	5,872	\$30.3	\$88.3	\$55,533	2.0	280	20.7	5.4
2006	1,783,945	6,296	1,496	598	6,204	\$32.4	\$96.9	\$58,235	3.2	263	20.7	4.5
2007	1,815,199	12,940	1,516	603	4,583	\$33.8	\$104.6	\$59,726	3.4	265	21.2	4.7
2008	1,846,757	13,228	1,509	609	3,671	\$33.3	\$102.9	\$56,110	3.0	251	21.2	6.0
2009	1,875,151	9,978	1,504	612	892	\$31.5	\$97.5	\$51,993	0.8	240	21.1	11.9
2010	1,896,394	3,250	1,522	612	2,273	\$33.4	\$99.6	\$51,422	2.1	235	21.1	10.2
2011	1,916,977	2,992	1,549	614	3,700	\$36.0	\$105.5	\$52,637	2.4	228	21.3	8.7
2012	1,937,658	3,477	1,574	618	4,588	\$38.3	\$110.4	\$53,346	2.1	222	21.9	7.4
2013	1,958,289	3,788	1,600	622	5,089	\$40.8	\$116.9	\$54,643	2.2	216	22.4	6.9
2014	1,978,925	4,134	1,626	627	5,442	\$43.6	\$124.0	\$56,177	2.2	211	22.8	6.2
2015	1,999,406	4,320	1,652	632	5,604	\$46.6	\$131.5	\$57,650	2.2	207	23.3	5.9
2016	2,019,645	4,362	1,678	637	5,660	\$49.6	\$139.1	\$59,117	2.2	203	23.8	5.7
2017	2,039,578	4,260	1,702	643	5,654	\$52.6	\$147.1	\$60,560	2.2	199	24.2	5.7
2018	2,059,369	4,246	1,726	648	5,659	\$55.6	\$155.4	\$61,999	2.2	195	24.8	5.6
2019	2,079,109	4,250	1,751	653	5,691	\$58.7	\$163.2	\$63,121	2.2	190	25.5	5.5
2020	2,098,827	4,222	1,775	659	5,702	\$61.9	\$170.9	\$64,157	2.1	188	26.2	5.4
2021	2,118,746	4,304	1,797	664	5,646	\$65.1	\$178.8	\$64,830	2.5	187	27.1	5.4
2022	2,138,980	4,399	1,816	669	5,696	\$68.4	\$187.3	\$65,564	2.6	185	27.9	5.3
2023	2,159,549	4,435	1,835	675	5,685	\$71.7	\$196.1	\$66,294	2.5	181	28.8	5.2
2024	2,180,019	4,479	1,851	680	5,612	\$75.2	\$205.8	\$67,321	2.4	177	29.7	5.1
2025	2,200,310	4,473	1,866	685	5,618	\$79.0	\$215.5	\$68,168	2.5	172	30.7	5.1
2026	2,220,486	4,410	1,880	690	5,591	\$82.9	\$225.4	\$68,923	2.5	168	31.7	5.1
2027	2,240,550	4,312	1,893	696	5,543	\$86.9	\$236.2	\$69,777	2.6	164	32.8	5.1
2028	2,260,565	4,272	1,904	701	5,586	\$91.0	\$247.0	\$70,369	2.8	160	33.9	5.1
2029	2,280,618	4,229	1,914	706	5,546	\$95.3	\$257.9	\$70,885	2.7	157	35.1	5.0
2030	2,300,535	4,187	1,922	711	5,497	\$99.7	\$269.0	\$71,388	2.7	155	36.3	5.0
2031	2,320,256	4,109	1,931	716	5,451	\$104.2	\$280.2	\$71,808	2.7	156	37.7	5.0
2032	2,339,744	4,027	1,938	721	5,387	\$108.7	\$291.1	\$72,042	2.7	153	39.0	5.0
2033	2,358,976	3,951	1,945	727	5,326	\$113.5	\$302.8	\$72,394	2.7	149	40.4	5.1
2034	2,377,921	3,880	1,952	732	5,260	\$118.4	\$315.0	\$72,760	2.7	144	41.8	5.1
2035	2,396,710	3,825	1,957	736	5,209	\$123.6	\$327.7	\$73,138	2.7	139	43.2	5.2

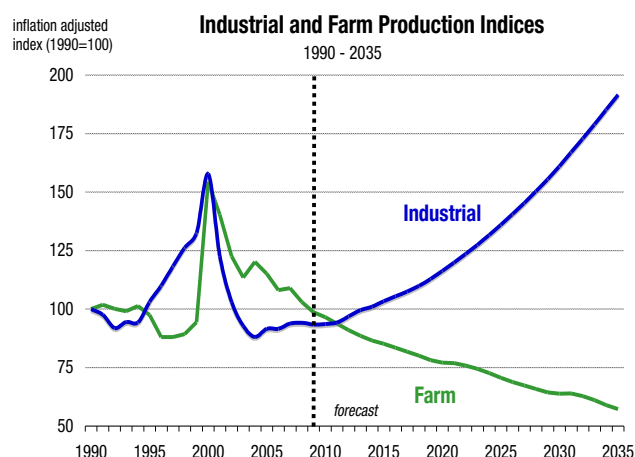
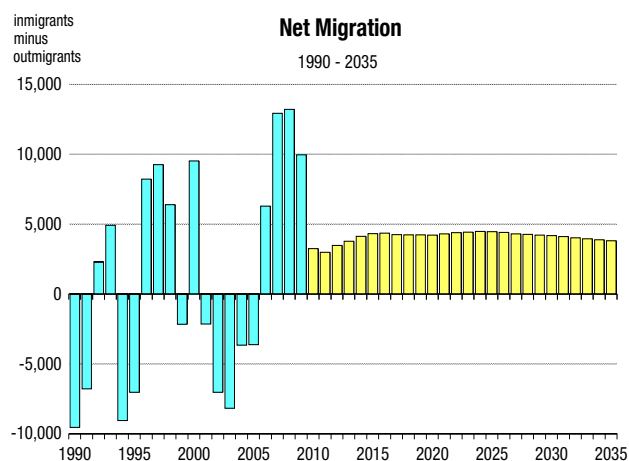
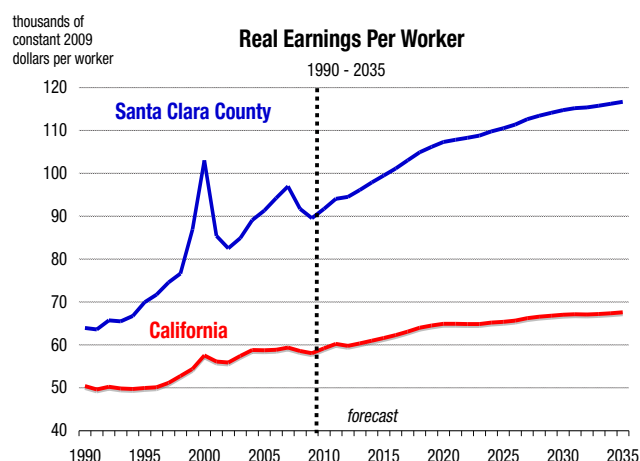
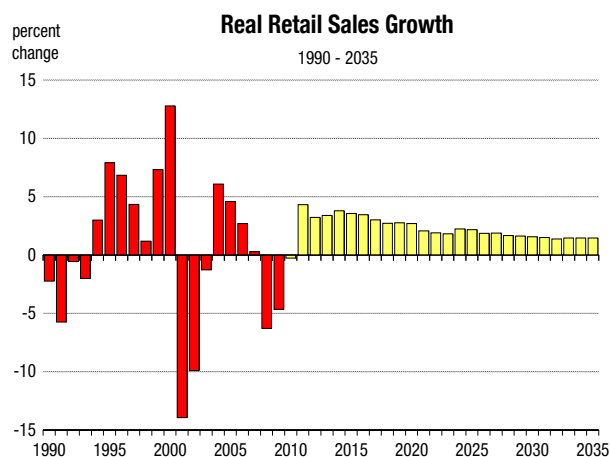


Santa Clara County Employment Forecast

2002-2009 History, 2010-2035 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	-----employment (thousands of jobs)-----											
2002	908.7	4.47	43.1	206.1	15.0	119.8	35.2	166.7	34.2	91.1	67.4	99.5
2003	861.3	4.24	40.1	180.5	14.0	115.4	34.8	159.5	31.3	92.9	67.5	96.1
2004	853.0	4.13	41.5	171.8	13.2	115.0	35.1	158.0	32.5	94.4	69.4	93.2
2005	860.1	3.84	42.7	168.0	12.8	117.5	36.0	159.1	35.2	96.1	71.4	92.9
2006	879.8	3.78	44.9	160.6	12.7	121.8	36.7	170.3	37.4	99.7	73.7	93.6
2007	899.8	4.05	45.3	163.5	13.3	123.9	36.8	176.5	39.5	102.5	75.3	94.3
2008	903.4	3.71	42.5	164.8	13.1	122.9	34.4	176.9	41.6	106.7	76.7	95.0
2009	865.7	3.93	35.8	154.6	12.4	115.3	32.4	168.3	39.7	108.0	75.4	95.0
2010	856.9	3.73	35.0	150.8	12.5	115.8	32.4	166.8	39.1	108.6	73.8	93.8
2011	868.2	3.69	35.7	150.2	12.8	118.2	32.5	173.4	39.7	109.8	73.5	94.0
2012	883.1	3.65	36.9	149.8	13.2	121.0	32.6	180.7	40.6	111.2	74.0	94.4
2013	897.7	3.62	38.0	149.4	13.4	123.6	32.8	187.1	41.6	112.4	75.0	95.3
2014	913.7	3.59	38.9	148.9	13.7	126.4	32.9	194.4	42.6	113.6	76.2	96.7
2015	929.6	3.57	39.6	148.7	14.0	129.1	33.1	201.4	43.4	114.9	77.6	98.1
2016	945.0	3.55	40.1	148.6	14.2	131.8	33.2	208.2	44.2	116.2	79.0	99.6
2017	959.2	3.53	40.4	148.2	14.4	134.0	33.4	214.9	44.8	117.3	80.3	101.2
2018	973.7	3.51	40.6	148.4	14.6	136.1	33.5	221.7	45.4	118.8	81.5	102.7
2019	988.3	3.48	40.8	148.7	14.8	138.2	33.5	228.4	45.7	120.3	82.7	104.2
2020	1,002.6	3.47	41.0	149.3	15.0	140.2	33.6	235.1	46.0	121.7	83.9	105.6
2021	1,017.9	3.47	41.1	150.1	15.2	142.2	33.6	241.9	46.3	123.9	85.0	107.0
2022	1,033.9	3.45	41.3	151.0	15.5	144.1	33.8	248.6	46.7	126.5	86.2	108.4
2023	1,050.0	3.43	41.5	152.0	15.7	145.9	34.0	255.3	47.2	129.0	87.2	109.8
2024	1,066.3	3.41	41.6	153.0	15.9	147.7	34.2	262.0	47.8	131.6	88.3	111.2
2025	1,082.4	3.38	41.7	154.1	16.1	149.4	34.4	268.8	48.5	134.1	89.3	112.6
2026	1,098.0	3.36	41.7	155.2	16.2	151.0	34.7	275.4	49.2	136.4	90.2	114.1
2027	1,112.9	3.34	41.8	156.3	16.3	152.5	35.0	281.6	49.9	138.8	91.2	115.6
2028	1,128.0	3.32	41.8	157.5	16.4	153.9	35.3	287.5	50.7	141.2	92.0	117.1
2029	1,142.9	3.30	41.8	158.6	16.5	155.3	35.6	293.3	51.5	143.7	92.9	118.7
2030	1,157.7	3.29	41.8	159.7	16.7	156.7	35.9	298.9	52.2	146.3	93.8	120.3
2031	1,171.9	3.29	41.8	160.6	16.8	158.0	36.2	304.2	52.9	148.9	94.7	121.9
2032	1,185.7	3.28	41.8	161.2	16.9	159.3	36.4	309.3	53.6	151.5	95.5	123.6
2033	1,199.1	3.26	41.8	161.7	17.0	160.5	36.7	314.2	54.3	154.2	96.3	125.3
2034	1,212.2	3.23	41.7	162.1	17.2	161.8	37.0	318.7	55.0	156.9	97.1	127.1
2035	1,225.1	3.21	41.7	162.5	17.3	163.0	37.3	323.0	55.8	159.7	97.9	128.9





County Economic and Demographic Indicators

Projected Economic Growth (2010-2015)

Expected retail sales growth:	19.7 %
Expected job growth:	8.5 %
Fastest growing jobs sector:	Professional Business Services
Expected personal income growth:	18.2 %

Expected population growth:	5.4 %
Net migration to account for:	18.2 %
Expected growth in number of vehicles:	8.6 %

Demographics (2009)

Unemployment rate (December):	11.2 %
County Rank* in California (58 counties):	15th
Working age (16-64) population:	66.4 %

Population with B.A. Degree or higher:	39.8 %
Median Home Selling Price:	\$540,139
Median Household Income:	\$88,208

Quality of Life

Violent Crime rate (2008):	298 per 100,000 persons
County Rank* in California (58 counties):	17th
Average Commute Time to work (2009):	28.8 minutes

High School drop out rate (2008):	14.4 %
Households at/below poverty line:	5.3 %

* The county ranked 1st corresponds to the lowest rate in California